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Consulting the Decision Machines

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Business consultants can be an expensive addiction. But strategic decisions must be made carefully, so when a company needs to decide about hiring practices, for example, or what features to include in a new product, it frequently relies on outside expertise to examine its options and reach the best conclusion. Often, however, the end result only applies to the specific problem at hand. The next decision requires another call to the consulting firm, another series of strategic meetings and another expense line in the corporate budget.

An increasing number of software firms are creating tools designed to break that cycle of dependence by offering what amounts to "consultants in a box." These enterprise software packages claim to turn tacit knowledge into algorithms that can be used again and again to address a wide variety of business issues at less cost than hiring a consultant.

One such firm is Strategyn, a Lantana, Florida-based firm with a product called Business Consultant 99, which uses a series of advanced artificial-intelligence algorithms designed to elicit both vital strategic information and the best way to use it. Companies such as Hewlett-Packard and Pfizer Pharmaceuticals have used pilot versions of the software, which first appeared in 1997.

"Most people don't know what information they need to generate a breakthrough strategy," explained Strategyn founder and president, Tony Ulwick, author of the forthcoming *Business Strategy Formulation: Theory, Process, and the Intellectual Revolution* (Quorum Books, 1999). "Our technology is like a powerful telescope that lets the company focus on only those strategies that will allow it to achieve its desired competitive position."

Strategyn customizes modules to meet specific clients' needs; a module designed for Motorola allowed the company to determine how its newest products would appeal to various market segments. Other modules have to do with issues such as best manufacturing and hiring practices.

Business Consultant 99 first helps generate a list of all possible outcomes for end users, decision-makers, distributors and other people affected by the issue at hand. It then allows the user to prioritize the outcomes and find areas of opportunity. In Motorola's case, for example, the company was able to determine what policemen want most in a two-way radio. Next, the software matches outcomes to potential solutions, mixing combinations from the way a product looks and feels to the way it's delivered to customers. Finally, it provides options for deploying the various solutions.

ACTION ITEM

Expert Solutions International Inc.

www.esi-knowledge.com

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QuestOne DecisionSciences Corp.

www.questone.com

(610) 867-3000

Strategyn

www.strategyn.com

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"A consultant may be able to do this once and charge a company \$3 million for it," Ulwick said. "We charge \$250,000 to \$500,000 for a product that can be used continually throughout the organization, while spreading knowledge about what it takes to create value."

Another of the new "virtual consultants" comes from a slightly higher price point. QuestOne Decision Sciences' 3D Management Suite is meant to help calculate how much a company can accomplish with the money and employees on hand. The system ranges from a six- to eight-figure price tag, according to QuestOne Vice President Gordon Sellers. Comprised of three modules-3D Logistics, 3D Financials and 3D Metrics-3D Management models the relationships among a company's cash, capacity and speed of response time.

3D Management first helps users determine the capacity of their knowledge workers, which Sellers explained as "the historic rate of what the client needs to do versus what the client has actually gotten done." Next, it builds a financial model that measures variable expenses (suppliers, contract workers, etc.) over a fixed period of time. By adding a model of the proposed workload, the software then determines what users can actually accomplish and at what cost, given the available cash and capacity. At that point users can shift the variables to explore scenarios, such as: Given the work we need to do, how much will it cost to increase capacity? Or, given a limited budget, how much work will we be able to complete?

QuestOne markets primarily toward large Fortune 100 companies, particularly in high tech, pharmaceutical and automotive industries. One recent client was a manufacturing giant with 30,000 employees and a budget of \$12 billion; it used 3D Management to determine how to prioritize the development of various new products and how many engineers it needed to hire in order to produce its new product line most economically in 24 months while generating maximum profit.

Extending the concept

Taking the concept of virtual consulting one step further is Expert Solutions International, which bases both its Logist supply chain software and BankCare banking customer relations software on its trademarked Knowledge Warehouse technology. Israel's leading KM vendor customizes its software for each client by interviewing employees to identify their tacit knowledge and then transforming that information into operational rules, such as "current inventory must match monthly sales figures" or "customers who have been with us for five years or more have a lower minimum balance requirement."

One of the banks using ESI's BankCare application, for instance, matches customer profiles with current offerings to suggest new products only to those customers most likely to want them. As a result, customers find out about appropriate services faster, more efficiently and more consistently, and bankers don't waste their time or their clients' time by offering them services they don't need or can't use, according to Eran Livneh, ESI's president of U.S. operations.

"Our software transforms data in the legacy systems into an actionable piece of information on the tactical level. It embeds organizational knowledge into the applications used in day-to-day operations, and since the business rules go into the system in plain English, it's easy to expand the knowledge captured," Livneh explained. ESI further customizes its software with a front-end tailored to each client-either as a separate interface or as one embedded in the client's legacy systems.

Perhaps not surprisingly, consultants are skeptical that any vendor's software might replace them. "I don't think we're in the same sort of game," wondered Stuart Henshall, a senior consultant at Global Business Network. "They're competition if your concept of a consultant is one of an advisor or somebody

who gives you 'the answer,' but most companies don't want advice. They want help re-perceiving the future, thinking forward and then doing it themselves. That's a completely different role."

While Henshall conceded that applications such as these can be a great discussion tool for aligning knowledge and moving people ahead, he warned of untold side effects: "If everyone adopts the same processes, where is the innovation and creativity?"

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